

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended December 31, 2018 (Based on Japanese GAAP)

February 8, 2019

Company name: Trust Tech Inc.
 Stock exchange listing: Tokyo
 Stock code: 2154 URL <https://www.trust-tech.jp/>
 Representative: President and Representative Director Yutaka Nishida
 Director, Senior Managing Corporate Noriyuki Murai
 Inquiries: Executive Officer TEL 03-5777-7727
 Scheduled date to file Quarterly Securities Report: February 13, 2019
 Scheduled date to commence dividend payments: March 6, 2019
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended December 31, 2018 (from July 1, 2018 to December 31, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended December 31, 2018	40,246	35.6	3,112	40.8	3,079	39.9	2,000	52.4
Six months ended December 31, 2017	29,676	45.0	2,210	69.2	2,201	71.5	1,312	80.7

Note: Comprehensive income Six months ended December 31, 2018 ¥2,064 million [33.3%]
 Six months ended December 31, 2017 ¥1,548 million [113.8%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended December 31, 2018	94.43		93.95	
Six months ended December 31, 2017	67.46		67.17	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2018	30,003	15,052	49.4
As of June 30, 2018	28,127	13,715	48.3

Reference: Equity As of December 31, 2018: ¥14,835 million
 As of June 30, 2018: ¥13,581 million

Note: The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending June 30, 2019. Accordingly, figures in the consolidated financial position as of June 30, 2018 are those after retrospective application of the standard and guidances.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended June 30, 2018	-	20.00	-	35.00	55.00
Year ending June 30, 2019	-	30.00	-	-	-
Year ending June 30, 2019 (Forecast)	-	-	-	40.00	70.00

Note: Revision of cash dividend forecast most recently announced: No

3. Forecast of consolidated financial results for the year ending June 30, 2019 (from July 1, 2018 to June 30, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	82,000	25.5	6,000	39.6	5,900	39.5	3,700	44.0	174.70

Note: Revision of consolidated financial results forecast most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the six months ended December 31, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2018	21,188,700 shares	As of June 30, 2018	21,179,400 shares
-------------------------	-------------------	---------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2018	687 shares	As of June 30, 2018	532 shares
-------------------------	------------	---------------------	------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2018	21,181,760 shares	Six months ended December 31, 2017	19,456,673 shares
------------------------------------	-------------------	------------------------------------	-------------------

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Explanation of the appropriate use of earnings forecasts and other special notes

Earnings forecasts and other forward-looking statements stated in this document are based on information available to the Company and certain assumptions that the Company considers to be reasonable. The actual results may differ materially from the forecasts due to various factors.

Financial results meeting for institutional investors and analysts will be held on Tuesday, February 12, 2019, as a telephone conference. Materials for the meeting will be provided on the Company's website.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of June 30, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	9,410	9,509
Notes and accounts receivable - trade	10,045	11,426
Other	763	908
Allowance for doubtful accounts	(28)	(28)
Total current assets	20,190	21,816
Non-current assets		
Property, plant and equipment	595	635
Intangible assets		
Goodwill	5,658	6,195
Other	301	318
Total intangible assets	5,960	6,514
Investments and other assets	1,380	1,037
Total non-current assets	7,936	8,186
Total assets	28,127	30,003
Liabilities		
Current liabilities		
Short-term loans payable	2,145	2,671
Current portion of bonds	196	196
Current portion of long-term loans payable	300	300
Accrued expenses	4,208	3,649
Income taxes payable	1,017	796
Accrued consumption taxes	1,817	1,996
Provision for bonuses	966	1,001
Other	1,754	2,332
Total current liabilities	12,405	12,943
Non-current liabilities		
Bonds payable	910	812
Long-term loans payable	900	750
Net defined benefit liability	47	50
Other	147	396
Total non-current liabilities	2,005	2,008
Total liabilities	14,411	14,951
Net assets		
Shareholders' equity		
Capital stock	4,199	4,213
Capital surplus	3,356	3,318
Retained earnings	5,830	7,089
Treasury shares	(0)	(1)
Total shareholders' equity	13,385	14,620
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	195	215
Total accumulated other comprehensive income	196	214
Share acquisition rights	3	2
Non-controlling interests	130	214
Total net assets	13,715	15,052
Total liabilities and net assets	28,127	30,003

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended December 31, 2017	Six months ended December 31, 2018
Net sales	29,676	40,246
Cost of sales	23,328	31,662
Gross profit	6,347	8,583
Selling, general and administrative expenses	4,137	5,471
Operating profit	2,210	3,112
Non-operating income		
Interest income	0	0
Subsidy income	28	24
Foreign exchange gains	1	–
Share of profit of entities accounted for using equity method	2	0
Other	3	5
Total non-operating income	35	31
Non-operating expenses		
Interest expenses	38	42
Foreign exchange losses	–	18
Other	6	2
Total non-operating expenses	45	64
Ordinary profit	2,201	3,079
Extraordinary income		
Gain on sales of non-current assets	–	0
Gain on reversal of share acquisition rights	0	0
Gain on sales of investment securities	1	–
Total extraordinary income	1	1
Extraordinary losses		
Loss on retirement of non-current assets	3	0
Total extraordinary losses	3	0
Profit before income taxes	2,199	3,080
Income taxes - current	655	712
Income taxes - deferred	184	325
Total income taxes	840	1,037
Profit	1,359	2,043
Profit attributable to non-controlling interests	46	42
Profit attributable to owners of parent	1,312	2,000

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended December 31, 2017	Six months ended December 31, 2018
Profit	1,359	2,043
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	187	23
Share of other comprehensive income of entities accounted for using equity method	0	(1)
Total other comprehensive income	189	21
Comprehensive income	1,548	2,064
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,490	2,019
Comprehensive income attributable to non-controlling interests	57	45

Consolidated statements of cash flows

(Millions of yen)

	Six months ended December 31, 2017	Six months ended December 31, 2018
Cash flows from operating activities		
Profit before income taxes	2,199	3,080
Depreciation	69	88
Amortization of goodwill	284	388
Increase (decrease) in provision for bonuses	109	36
Increase (decrease) in net defined benefit liability	2	2
Interest and dividend income	(0)	(0)
Interest expenses	38	42
Share of loss (profit) of entities accounted for using equity method	(2)	(0)
Decrease (increase) in notes and accounts receivable - trade	(511)	(982)
Increase (decrease) in accrued expenses	(23)	(672)
Other, net	377	(1)
Subtotal	2,543	1,982
Interest and dividend income received	0	0
Interest expenses paid	(39)	(42)
Income taxes paid	(740)	(953)
Net cash provided by (used in) operating activities	1,764	986
Cash flows from investing activities		
Purchase of property, plant and equipment	(55)	(84)
Purchase of intangible assets	(25)	(52)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,313)	(201)
Net decrease (increase) in lease and guarantee deposits	(10)	19
Other, net	82	(2)
Net cash provided by (used in) investing activities	(2,322)	(321)
Cash flows from financing activities		
Increase in short-term loans payable	2,339	525
Decrease in short-term loans payable	(6)	(6)
Redemption of bonds	(98)	(98)
Repayments of long-term loans payable	(150)	(150)
Repayments of lease obligations	(1)	–
Proceeds from issuance of shares resulting from exercise of share acquisition rights	827	2
Cash dividends paid	(581)	(740)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(85)
Other, net	44	(0)
Net cash provided by (used in) financing activities	2,374	(553)
Effect of exchange rate change on cash and cash equivalents	30	(12)
Net increase (decrease) in cash and cash equivalents	1,845	99
Cash and cash equivalents at beginning of period	4,581	9,410
Cash and cash equivalents at end of period	6,427	9,509